

**MINUTES OF THE REGULAR MEETING  
BARRINGTON HILLS POLICE PENSION BOARD  
JULY 23, 2012**

**Call to Order.** President Hammelmann called the meeting of the Barrington Hills Police Pension Board to order at 7:30 a.m. in the conference room of the Village Hall.

**Roll Call.** Present – Trustees Borck, White, Fernandez and President Hammelmann (4). Also present were Investment Advisor Dave Wall, attorney Nanci Rogers of Robbins, Schwartz, et al., and Wes Levy of Lauterbach & Amen.

**Approval of Minutes.** The Board reviewed a copy of the minutes from the April 23, 2012 regular meeting. Motion by White, seconded by Borck, to approve the minutes of the July 23, 2012 meeting.

Ayes: President Hammelmann, Trustees Borck, Fernandez and White (4)

Nays: None. Motion carried.

**Payment of Bills.** Motion by Hammelmann, seconded by Borck, to pay the following bills:

Robbins, Schwartz	\$ 1,281.38
Lauterbach & Amen	900.00
Wall & Associates	2,681.66
Dr. Tu	600.00
Illinois Department of Insurance	843.24
IPPFA	375.00

Ayes: President Hammelmann, Trustees Fernandez, Borck and White (4).

Nays: None. Motion carried.

**Board Attorney Report.** Attorney Rogers advised the Board of a recent amendment to the Illinois Open Meetings Act (“OMA”) that was signed into law last week, and will take effect on January 1, 2013. Section 2.02 of the OMA is amended to require that at least one copy of the Board meeting notice and agenda is posted and continuously available for public inspection for a full 48 hour period prior to the Board meeting. Posting of the notice and agenda on the public body’s website for the required period satisfies this requirement. The amendment also addresses the sufficiency of listed agenda items providing that the meeting agenda “must set forth the general subject matter of any resolution or ordinance that will be the subject of final action at the meeting.” Rogers stated that the Board’s current practice regarding the content and posting of its meeting notices and agendas satisfies these new requirements. Rogers further advised the Board that proposed amendment to the Illinois Constitution, HJRCA49, has been approved and will appear on the ballot at the general election in November 2012. If approved by the voters, the Illinois Constitution will be amended to require a 3/5 supermajority vote to pass any legislation that would increase pension benefits. This includes local government bodies which have authority over local pension benefits.

Rogers reminded the trustees of the annual training requirements for pension board trustees under the Illinois Pension Code. All current trustees are required to have a minimum of 16 hours of continuing trustee education each year. The current annual training period ends on August 13, 2012. However, there is a six month grace period until February 13, 2013 for trustees to complete the training requirements. Trustees who do not complete the training will not be eligible to be a trustee. Trustees who are police officers employed by the municipality are permitted time off without any reduction of accrued leave or benefits to take training courses. Trustees completing the Open Meetings Act and Freedom of Information Act online training offered by the Illinois Attorney General will receive credit for those sessions. Rogers will provide a certificate of training hours to each trustee representing the amount of time they participated in discussion of legal, financial and ethical trustee requirements at the regular Board meetings. This will count toward the annual training requirement. Rogers also noted a FOIA request from the Center for Tax and Budget Accountability that has been received by many Illinois police and fire pension boards, and Mr. Levy confirmed that Lauterbach & Amen had prepared the Board's response.

**Accountant Report.** Wes Levy distributed a monthly financial report for the month ended June 30, 2012 prepared by Lauterbach & Amen, LLP. A copy of the report is attached to these minutes. The report depicted the statement of plan net assets for the Fund as of June 30, 2012, and the related statement of changes in plan net assets for the six months ending June 30, 2012. As of June 30, 2012, plan net assets held in trust were \$5,360,676. Plan net assets increased by \$438,320 for six months ending June 30, 2012. Total member contributions to the pension fund for the six months ending June 30, 2012 were \$84,330, and employer contributions were \$277,242, for an increase in total contributions of \$361,572 during the period. Net investment income for the six month period was \$198,380. Total additions to plan net assets for the six month period was \$438,320. Benefits paid and administrative expenses for the six months ending June 30, 2012 totaled \$121,632.

Levy also reviewed supplementary financial information contained in the report. As of June 30, 2012, the Fund's assets were invested 41% in equities and 53% in fixed income securities. Levy reviewed the cash analysis report for the twelve months ending June 30, 2012 which shows a positive cash flow with net plan assets continuing to increase on a monthly basis. Total Fund revenue increased \$563,680 during the six month period ending June 30, 2012 and total Fund expenditures were \$125,360 during the same period.

**Investment Report and Recommendations.** Investment Adviser Dave Wall distributed a report showing the status of the Fund's investment portfolio as of the second quarter of 2012. A copy of the report is attached to these minutes.

As of June 30, 2012, the Fund portfolio was invested approximately 28¼% in equity mutual funds (23.7% in U.S. Stocks and 4.5% in non-U.S. stocks), approximately 7.2% in cash, with the balance in fixed income securities. Wall reviewed in detail the performance of the Fund's investments for the second quarter. The market value of the Fund's portfolio was \$5,182,938 at the beginning of the second quarter and \$5,356,395 as of June 30, 2012. There was a net loss after management fees of \$18,551 during the

period. Bonds were up approximately 1% during the second quarter with the S&P 500 experiencing about a 2.75% decline. Mr. Wall did not invest the Fund's additional cash in equities as discussed as an option at the last Board meeting. On a year-to-date basis, the Fund is up approximately 4%, in large part due to the growth in the stock portfolio during the first quarter of 2012. Mr. Wall discussed the performance of the Fund's bonds against the benchmarks. Wall noted that 87% of the Fund's bond holdings were invested in U.S. Government Agencies as of the end of the second quarter with 19% of the fixed income assets invested in two bond funds, Vanguard and PIMCO. On the equities side, the Fund's equity investments are now all in ETFs. In total, the Fund's equity market value was down close to \$57,947 before management fees during the second quarter.

**Accept Results of Fernandez IME.** As required by statute, Mr. Fernandez underwent an annual Independent Medical Examination (IME) in connection with his receipt of disability pension benefits. Dr. Kevin Tu conducted the IME and submitted his written medical opinion and report finding that Mr. Fernandez remains unable to return to his duties as a police officer. Motion by Hammelmann, seconded by Borck to accept the IME report of Dr. Tu.

**Guest Speakers.** None.

**Further Matters for Discussion; Vacant Board seat.**

There were no other matters for discussion. No discussion of vacant Board seat.

**Next Meeting.** It was announced that the next regular Board meeting will be October 23, 2012 at 7:30 a.m. at the Village Hall in the Village of Barrington Hills.

**Adjournment.** On motion by Fernandez, seconded by White, and unanimously carried by voice vote, the meeting was adjourned at 8:10 a.m.

APPROVED:

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President Hammelmann

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